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The effects of European economic crisis on the tourism travel companies in Turkey

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Abstract

While proceeding toward completion of European Union (EU) as unified single state, major European Countries have come across with an unexpected economic crisis. In the course of this unfortunate developments, European unification as single state has become a controversial issue. There have been many reasons for that outcome. However, among explicit and implicit reasons, we could claim that leading industrialized EU countries have managed the process rather unsuccessfully. The apparent reasons for the recent outbreak of economic crises within the economic and monetary union could be cited as; differences in economic development levels within the EU countries, having an unproductive economy, excessive public expenditures & debts, and soon.

It is expected that reflection of economic crisis from Greece, Italy and similar vulnerable EU countries could affect Turkey's economy adversely. In actual fact, half of the Turkey's export, 60 % of all tourism revenues, 80% of foreign direct capital realization originates from EU countries. For these and similar reasons, Turkey wishes that EU would be relieved from this unfortunate economic crisis. Within the context of the above defined subject, it was intended to assess and measure the effects of European Crisis on the Turkish Tourism sector and relevant tourism companies that operating in this field.

An empirical study has been made for the assessment of effects of economic crises on the expected changes of management, revenues, expenditures, employees and customers of tourism companies. The whole coaching bus companies operating in Turkey have been included in the scope of this study. The existing study is limited to only 200 coaching bus companies that have taken part in the survey. In this study, data collection has been made with survey method. The collected data has been assessed and analyzed statistically with SPSS software program.

Resultant research has indicated that 200 touristic coaching companies that have been operating in domestic and foreign tours, have not been affected dramatically from recent EU economic crisis. One could say that, EU economic crisis has not narrowed the activity field of Turkish Tourism companies considerably, and compensation for the deficits was made with the marginal increase in the domestic coaching activities.

Keywords: European economic crisis, Tourism&travel companies,

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1. Introduction

The global competition environment are full of with many factors that could trigger economic crises and relevant problems.(Tekin, Zerenler, 2008) . The economic crises are such cases that are really tough to coop with and they intimidate the realization of prime objectives of the organizations , and the time frame for taking pre-cautions are mostly limited . When economic crises emerge , the decision makers are puzzled and generated high level stress in the environment (Littlejohn, 1983). The companies that operating toward tourism sector , are deeply affected with the global economic developments. Regardless of its economic status; in developed or developing countries , the tourism activities is an important source of revenues.

Occasional fluctuations in fiscal and financial movements in the world, usually give rise to shrinkage in tourism activities. This shrinkage, affects to travel agencies, airline companies , hotels and accommodation services that operate in the tourism sector , as well as relevant supply chain companies such as butcheries, green grosseries, buffets, restaurants , taxi services,..etc. are also affected indirectly. (Kalpaklıoğlu, 2010)

While the global economic crises could affect some countries adversely, on the contrary some other countries converts this crisis situation into real opportunity.

The most important rule here is to manage the economic crisis successfully, and assessing the alternatives properly. It is apperant that the tourism is the leading sector in Turkish economy in terms of added value into economy. (www.turizmanaliz.com)

Tourism revenues of Turkey has increased in 2011 by %10,6 , on the other hand tourism expenditures has increased by %3 . In the last quarter of 2011 that EU crisis was felt to some degree , increase in tourism revenues was nearly %3 . Net tourism revenues in the last quarter of 2011 reduced in comparison with the previous year same quarter by % 2.54. One can say that this unfortunate result mostly generated from decrease in tourism revenues as well as increase in tourism expenditures . It has been reported that % 73 of tourism revenues obtained from foreign visitors and remaining % 27 provided from expatriot Turkish citizens that are working in European countries. Tourism expenditures that were made by native Turkish citizens visiting foreign countries, has increased in last quarter of 2011 by % 3,6 comparing with the previous year same period. This is because of the package tour system that was experienced by travel agencies. (www.turizmanaliz.com)

The economic crises that was originated from EU, could affect travel agencies and tour operators in Turkey, up to the great extent in the near future. This is because of the fact that greater portion of foreign tourists comes from EU countries. Among those EU tourists leading group is of German origin. The travel companies in Turkey has to look at other market locations to reduce the resultant adverse effect in the sector. With the recent decrease in exporting rate of Turkey into EU, the exporting companies turned their face toward Middle East, Arabic and African countries. In response to this sudden developments travel companies also have felt to reach these new markets. In that sense we could argue that Turkey could reduce the adverse effect of economic crises on the tourism and travel companies by reaching to alternative far place markets in response to the shrinkage in the EU market.

In this context, as of end 2011 year, a sum of 124,791.- People have visited Turkey from Middle East countries (UAE, Katar, Kuwait and Bahrain). Since most of these Middle East originated tourist travel freely and individually and not in groups and all inclusive status, it is well known that they spent more Money for food, accommodation and leisure. Specially Arabic tourists consider Istanbul as a huge shopping world and make 6 fold more expenditures comparing the other origin visitors. (www.turizmanaliz.com)

2. EU Crisis and Travel Companies

Crises are defined as an unfortunate adverse and tough case endured by a person, an organization or a nation or a period of impending abrupt state. Crises intimidate the realization of top level objectives of a company, puts in jeopardy and requires immediate action. Additionally crisis might cripple the defense and anticipation mechanism of a company and generates stresses in the environment. (Karabulut, Pekdemir, 2002)

There are two groups of service providing traveling companies operating in tourism sector; the first one is tour operators that provide packaged tours services and the second is the travel agencies that provide retail marketing as they receive package tours from tour operators. Travel agencies provide transportation, accommodation, catering , traveling , cruising, sports, and leisure services and provide descriptive information about the visited areas and the country to the tourists for profit taking and they contribute into tourism economy and balance of payments in substantial scale. (archive.ismmmo.org.tr)

A tour operator is a company that sells the whole touristic services when relevant demand is received from a traveling agency. (Argun, 1998)

Traveling agencies, are grouped into A, B ve C categories. It is reported that A group agencies are 4378 nos, AG group (between A and B) agencies are 49 nos, B group agencies 100 nos and C group agencies are 182 nos. Total officially approved (from Ministry of Tourism) agencies are recorded as 4709 nos.

There are 6366 nos certified approved traveling agencies in Turkey in general by the end 2011 year. Among those, newly established and branch opened traveling agencies are 629 by 2011. A sum of 308 companies either have their certificates canceled or ended its services. (www.turizmanaliz.com)

Traveling agencies generally publicity their tourism services in internet web pages or in different electronic medias. It is quite important here that to provide the best tourism services with most optimum prices, to gain the confidence of customers (visitors). Customer satisfaction is a very useful and effective tool for providing positive advertisement with a very low price.

With reference to Tourism & Publicity General Director Cumhur Güven Taşbaşı, in his opening sermon on the Annual Conference, the total tourism revenues of Turkey in 2011 year is just over 31 million Turkish Liras. While EU countries realized %6 expansion in Tourism, Turkey has reached a remarkable level of %10 expansion.

In his speech he continued that tourism is not only under responsibility of public sector but on the other hand it is a responsibility to be taken due care by private sector organizations.

Mr Taşbaşı, continued to say that, as a result of the conversations and cooperation with leading important tour operators in Europe, it was reinstated that Spain and Turkey are the 2 promising and emerging Tourism countries in the near future. In this regard Turkish government has decided to subsidy the domestic tourism companies just to compensate the expected deficits in the sector. (www.turizmanaliz.com)

It is apparent that Turkish Airlines has taken a crucial role in promoting and expanding Turkey's tourism potential.

Turkish Airlines has opened new destinations in Turkey and in abroad to facilitate new Tourism potential and served for expanding tourism economy.

Although recent economic crises have caused a shrinkage in EU economy, and reduced their tourism revenues, Turkey has increased its tourism revenues in the same period comparing to EU countries.

EU crises could turn into an opportunity for Turkish Tourism, in 2012. It has been noted that 2012 year reservation has increased by %50. While the touristic tours disperse into the whole year evenly, One can expect that Turkish tourism revenues will reach to upper levels in the standing. (www.turizmanaliz.com)

3. Conducted Survey Results

3.1 Research Findings & Assessment

3.1.1 Methodology

With in the scope of this study the companies that take part in the traveling sector, arrange domestic and foreign tours, provide car rental, ticket sales and passenger transporting services, have been choosen. As the data collection means, face to face survey method and online survey method via Google Docs has been utilized. With in the scope of this study, 100 nos. valid survey has been included in the study. While reviewing the structure of the survey form, it is seen that the form consists of two parts. In the first part, the multiple choice questions that are relevant to the participants' sector and companies, have been directed to surveyees. The second part questions that take part in the survey that is in the 'likert question form', consists of 35 questions prepared earlier by Ozcan addressing the effects of the EU crises on the travelling companies, added by 11 new relevant questions totalling the sum of 46 questions.

The coding for the scale of five nos. Likert unit, that is used in different parts of the survey is defined in the following manner; 1= For sure I disagree, 2= I disagree, 3= I am neither in favor nor against it, 4= I agree, 5= For sure, I agree.

With regard to sampling plan, due to ease of data collection, the participants in the survey have been selected on the basis of simplified sampling. The data that were analyzed in the scope of this study , collected in the 8 days ranging from 12th of March to 20th of March 2012.

3.1.1.1. Goal of the Study

The goal of this research , to verify the effects of EU crises on the Tourism & Travelling Companies in Turkey and ascertain the possible changes in the top management of those companies.

3.1.1.2. The Scope and Limitation of The Study

The whole coaching bus companies operating in Turkey have been included in the scope of this study. The existing study is limited to only 200 coaching travel companies that have taken part in the survey.

3.1.1.3. The Hypothesis of the Study

Hypothesis 1: EU Crises has affected the tourism and travel companies in a negative direction. .

Hypothesis 2: EU Crises has caused a change in the management of those companies.

Hypothesis 3: EU Crises has caused a change in the revenues-expenditures status and among personnel structure .

3.1.2 Frequency Analysis for Multiple Choice Questions

When examining the following table, one can find the use full defining statistical figures concerning the companies that have taken part in this study.

- According to this table 100 companies have participated in the survey and valid response taken from 98 of them. %28 of the companies have been providing services between 2-5 years, % 26 of them between 6-10 years, and % 28 of them 11 years or more.
- When examining the companies that were participated in the survey, with regard to field of activity, the biggest part is domestic companies that provide tourism services for foreigners in Turkey with a portion of %23. This is followed with another group of tourism companies that provide tourism services outside Turkey, with %20 share, and finally car rental companies take a portion of %16.
- While examining the companies with nos of employees, the companies having employees between 50-249 takes a portion of %40, followed by companies having employees between 1-49 , with %31 share, and finally the companies that have employees more than 250 , takes a portion of %29.
- When examining the companies with regard to payment against services, biggest portion remains payment with credit card, with %52 share, and other companies offer an alternative range of payments to their customers , mixed payments with a basket of (petty cash TL, petty cash foreign currency and credit card) with % 40 portion.
- When subjected to the question whether they are affected with EU economic crises , %54 of the participant companies answered as 'affected', but a portion of % 44 of the companies replied that they were 'not affected'

Table 1 Descriptive Statistical Figures for Multiple Selected Questions

	Frequency	Percentage (%)
What is your duration of services in the sector (years)?		
1 year	16	15,7
2-5 years	29	28,4
6-10 years	27	26,5
11 year or more	28	27,5
What is Your Field of Activity?		
Inner-city passenger transport	3	2,9
In the country passenger transport	6	5,9

Outside the country passanger transport	6	5,9
Providing tours to the domestic tourists in the country	14	13,7
Providing tours to the foreign tourists in the country	24	23,5
Providing tours abroad Turkey	21	20,6
Car Rental Services	17	16,7
Ticket Sales Services	9	8,8
What is your nos of Employees?		
1-49 people	32	31,4
50-249 people	41	40,2
250 or more people	27	26,5
What is the kind of payments as the result of your services?		
Petty cash TL	3	2,9
Petty cash foreign currency	3	2,9
Credit Card	53	52,0
All of them	41	40,2
Have you been affected from the EU economic crise?		
Yes	56	54,9
No	44	43,1

3.1.3 Perception Dimensions of the Effects of European Economic Crisis

A survey study has been implemented via internet on the 100 participant companies in order to define the effects of the European economic Crise on the Turkish Travelling Agencies. Relevant research in the literature has been utilized in the survey in order to define the dimensions of the effects of the crise on the Turkish travelling companies and 10 nos of likert relevant to Turkish Travelling sector and spesifically to assess the affection of the each companies from the crise , another 36 nos of likert defined and likert part of the survey was constituted. 1= The representative of the companies were requested to give the answers in the following defined range; 1= I disagreee,....., 5=I disagreee for sure.

Factor analysis has been implemented to the 'likert type' questions in order to define the effects of the dimensions. Kaiser-Meyer-Olkin (KMO) sampling capability test and Bartlett spherical test has been utilized for testing the data set's conformance to factor analysis and since KMO value of 0.788 is above 0.50 and Bartlett test tale probability is meaningfull at 0.05 importance level, we can conclude that data set is suitable for factor analysis. KMO Sampling Capability and Bartlett Sphericity Test, KMO= 0.790, X² Bartlett Test tale probability p:0.00

The questions has been analyzed by using basic components method and Varimax evolving method. The type of questions that sampling capability scale below 0.50, remaining as single item under factor, factor weights are similar to each other, have been discarded from analysis and 3 factors have been found with self values of having 1 or above. While analyzing the factor reliabilities, 1 factor has been found below 0.70 reliability level. Since this factor was no more usable, the questions that constituted this factor has been discarded from analysis and a final factor analysis was carried out.

At the end of this factor analysis, 3 factors has been obtained that are consists of 15 questions. Total declared variance has been found as % 58,678. The factors are called in sequential order; 'The Negative Effect of the Sector ', 'The Negative Effect of the Agency ', 'The Negative Effect of the Employee'. Cronbach Alpha co-efficient has been utilized for the calculation of internal compatibility of the factors.

The new variables that could be utilized in the following stage of the study have been defined as the result of factor and reliability analysis in this survey concerning travel agencies. In the calculation of the value of new variables, average value method that is a part of total value calculation methods has been utilized.

Table 2. Factor Analysis Summary Table

FACTOR NAME	QUESTION DEFINITION	FACTOR WEIGHTS	DESCRIPTION RATE OF THE FACTOR (%)	RELIABILITY
The Perception of the sector Adverse Effect	European Union crisis has affected the Turkish Travel Agencies in a negative manner.	0,74	23,631	,815
	European Union crisis has caused the reduction of profitability in Turkish Travel agencies.	0,68		
	European Union crisis has caused the reduction of growth in Turkish Travel agencies.	0,65		
	European Union crisis has adversely affected the Turkish Travel agencies.	0,64		
	European Union crisis has caused the loss of customers in Turkish Travel agencies.	0,64		
	European Union crisis has caused the increase of costs in Turkish Travel agencies.	0,56		
The Perception of the Agency Adverse Effect	European Union crisis has caused the reduction in revenues of our traveling agency.	0,67	19,769	,716
	European Union crisis has caused the reduction in nos of travels of our traveling agency.	0,65		
	European Union crisis has caused the reduction in nos of tours arranged by our traveling agency.	0,65		
	European Union crisis has caused the increase in preventive measures against probable crisis in our traveling agency.	0,64		
	European Union crisis has caused the reduction in nos of customers of our traveling agency.	0,54		
The Perception of the Employees Adverse Effect	European Union crisis has caused the reduction in motivation of our employees due to the fears that they might be left unemployed in this crisis.	0,81	15,279	,763
	European Union crisis has caused the reduction in nos. of employees in our traveling agency.	0,75		
	European Union crisis has caused the stress built up among our employees in our traveling agency.	0,73		
	European Union crisis has caused the reduction in the training resources toward our employees in our traveling agency.	0,66		
Total		: 58,678		
KMO Scale		: 0,790		
Bartlett Sphericity Test p value		: 0,000		

3.1.4 Regression Analysis

In the light of the approaches defined in the relevant literature, it was found that the sectoral effects perception dimensions of the crisis have been affected by perception levels of both agencies and employees. That means there is a positive correlation between the variables of employees and agencies adverse affection and sector adverse affection. Changes in the first two independent variables (either increase or decrease) affects the sector adverse effect variable that is dependent variable in the same way. To test the validity of these opinions, multiple regression analysis has been conducted. The model to be measured is shown in figure 1

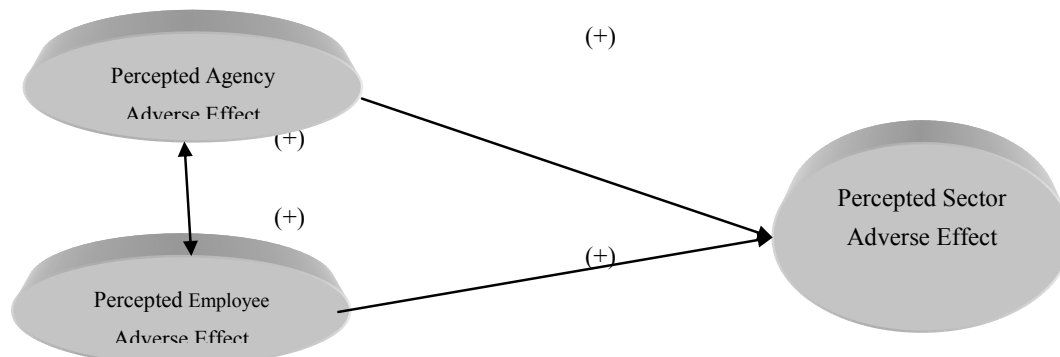


Fig 1. Regression Model

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,429(a)	,524	,536	,76974

According to table above , it is found that ‘Perceived Agency Adverse Effect’ and ‘Perceived Employees Adverse Effect’ variables’ , Description Rate of ‘‘Perceived Sector Adverse Effect’ variable is around % 52 that is medium level. On the other hand as the result of the applied analysis , resulting ANOVA table F value: is 22,157 and tale probability: is 0,000 , hence H_0 hypotesis is rejected. That means the structured regression model is statistically meaningful. ‘‘Sector Adverse Effect’ variable could be defined in statistical means against ‘Agency Adverse Effect’ variable and ‘Employee Adverse Effect Variable’.

While reviewing the co-efficients table ;

Table 4. Co-efficients Table For Regression Analysis

Dependent Variable : Percepted Sector Adverse Effect			
Independent variables:	Beta	t value	P value
Percepted Agency Adverse Effect	0,291	4,219	0,000
Percepted Employee Adverse Effect	0,226	3,275	0,001
R=0,429 R ² =0,184 F=22,157 p= 0,00			

It is found that independent variables are statistically significant. In this way it was concluded that ‘agency adverse effect ‘ and ‘Employee Adverse Effect’ variables explain the ‘sector adverse effect’ variable at medium level. (R=0,524 R²=0,536 F=22,157 p= 0,00) with in the sub dimensions the highest descriptive level variable is ‘Agency Adverse Effect’ with $\beta=0,291$ value. Further contribution is made for description by ‘Employee Adverse Effect’ variable with $\beta=0,226$ value. ‘Sector Adverse Effect’ variable sub dimensions p values are smaller than 0.05 hence the co-efficients are statistically significant.

4 Results and Assessment

This study has been conducted toward perception dimensions and affection level of Turkish Travel Agencies by European Economic Crisis. The participants generally have admitted that they were affected from that crise adversely. As the result of the conducted survey , 3 valid dimensions have emerged. The participants have perceived the questions in 3 different dimension. These dimensions are called; Perceived sector adverse effect, perceived agency adverse effect, and perceived employee adverse effect. While examining the correlation among these dimensions, it is found that adverse effect of perceived sector has been affected by ‘agency adverse effect’ and ‘Employee adverse effect’ variables. And it was concluded that there is a positive direction correlation among them. That means adverse effects on the motivation of agencies and employees , generally affects the sectoral perceptions adversely.

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